



August 9, 2013

Howard E. Horton
President

New England College of Business and Finance
10 High Street
Suite 204
Boston, MA 02110-1605

UPS Tracking #: 1Z A54 67Y 029315 0343

RE: Program Review Report
OPE ID: 03965300
PRCN: 201320128217

Dear Mr. Horton:

From March 11, 2013 through March 15, 2013, Elaine Griffin and James McDonagh conducted a review of New England College of Business and Finance's (NECB's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by NECB. The response should include a brief, written narrative for each finding that clearly states NECB's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, NECB must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

Federal Student Aid
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – New York/Boston

5 Post Office Square, 9th Floor, Suite 950-A, Boston, MA 02109-3921

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for

inspection by NECB upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to James McDonagh of this office within 30 calendar days of receipt of this letter.

Please direct this correspondence to:

ATTN: James McDonagh
USDOE, Federal Student Aid
New York/Boston School Participation Division
5 Post Office Square
Ninth Floor, Suite 950-A
Boston, MA 02109-3921

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact James McDonagh at 617-289-0078 or james.mcdonagh@ed.gov.

Sincerely,

(b)(6)

Tracy M. Nave
Compliance Manager

New England College of Business and Finance
03965300
201320128217
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cc: Kathy Cheatham, Financial Aid Administrator

Enclosure:
Protection of Personally Identifiable Information

Prepared for

**New England College of
Business and Finance**

Federal Student 
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OPE ID 03965300
PRCN 201320128217

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division-New York/Boston

Program Review Report
August 9, 2013

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A. Institutional Information

New England College of Business and Finance
10 High Street, Suite 204
Boston, MA 02110-1605

Type: Proprietary

Highest Level of Offering: Master's Degree

Accrediting Agency: New England Association of Schools and Colleges - CHE

Current Student Enrollment: 1652 (2011-2012)

% of Students Receiving Title IV: 50.7% (829 for 2011-2012)

Title IV Participation (from PCNet):

	2011-2012 AY
William D. Ford Federal Direct Loan Program (Direct Loan)	\$5,912,737
Federal Pell Grant Program (Pell)	\$1,119,091

Default Rate FFEL/DL:	2010 - 0%
	2009 - 0%
	2008 - 0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at New England College of Business and Finance (NECB) from March 11, 2013 to March 15, 2013. The review was conducted by Elaine Griffin and James McDonagh.

The focus of the review was based on a significant increase of Title IV funding between the most recent award years. The review consisted of an examination of NECB's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning NECB's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve NECB of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by NECB to bring its operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Inaccurate Pell Awarding

Citation: Federal regulations at 34 C.F.R. 690.80(a) state that a recalculation of a Federal Pell Grant award must be performed if there is a change in expected family contribution (EFC). The institution shall recalculate a Federal Pell Grant award for the entire award year if the student's EFC changes at any time during the award year. The change may result from the correction of a

clerical or arithmetic error under §690.14, or a correction based on information required as a result of verification under 34 CFR part 668, subpart E.

The institution shall adjust the student's award when an over award or under award is caused by the change in the EFC. That adjustment must be made within the same award year if possible to correct any overpayment or underpayment or during the next award year to correct any overpayment that could not be adjusted during the year in which the student was overpaid.

34 C.F.R. 690.80(b)(1) of the Student Assistance General Provisions regulations state that if a student's enrollment status changes from one academic term to another term within the same award year, the institution shall recalculate the Federal Pell Grant award for the new payment period taking into account any changes in the cost of attendance.

Noncompliance: Reviewers found that Federal Pell Grants were not recalculated after students had changes in their EFCs due to verification corrections and enrollment status changes. In addition, the Common Origination and Disbursement (COD) records were not properly adjusted for the students for which a recalculation was required.

Student 2 had an EFC of 3455 on ISIR transaction 01 and after verification and corrections the student had an EFC of 3651 on ISIR transaction 02. COD records indicated a Pell Grant award made under an origination record for ISIR transaction 01 with a scheduled award of \$2,100 based on an EFC of 3455. The school awarded the correct amount of Pell Grant funds; however, the award was made with an incorrect origination EFC and under an incorrect ISIR transaction number.

Student 9 had an EFC of 2440 on ISIR transaction 01 and after verification and corrections the student had an EFC of 3743 on ISIR transaction 02. COD records indicated a Pell Grant origination record for ISIR transaction 01 with a scheduled award of \$3,100 based on an EFC of 2440. The student was paid a \$2,775 Pell Grant but was only eligible for a Pell Grant of \$1,800. The student was over awarded \$975. The institution refunded the \$975 when it was made aware of the over award during the program review.

Student 12 went from being enrolled at a half time status to being enrolled at a three quarter time status in the second payment period. The Pell Grant was paid at a half time status for both payment periods. The student was under awarded \$694. The institution awarded the student \$694 in institutional funds to replace the \$694 of Pell Grant funds she was under awarded.

Required Action: Due to the high error percentage rate for this finding, while on site reviewers informed NECB that it would be required to perform a full file review of all students who received Pell Grant funds to determine if additional Pell adjustments were required but not completed. NECB has since completed the file review and determined that eight additional students had incorrect Pell awards totaling \$1,100 in overpayments and \$2,325 in underpayments. Although NECB has submitted the results of its file review, additional information is still required in order for the Department to issue a final determination.

In its response to this report, NECB must provide documentation of the returned funds, updated ledger cards and proof that the required COD adjustments were made for all the students that NECB determined had Pell Grant over/under awards. In addition, please provide a copy of the institution's updated procedures that will ensure future compliance with the regulatory requirement.

Finding 2. Failure to Complete the Verification Process

Citation: 34 C.F.R 668.54 of the Student Assistance General Provisions regulations states that an institution must require an applicant whose FAFSA information is selected for verification by the Secretary, to verify the information specified by the Secretary and if an institution has reason to believe that an applicant's FAFSA information is inaccurate, it must verify the accuracy of that information. Furthermore, an institution may require an applicant to verify any FAFSA information that it specifies.

34 C.F.R 668.16(f) of the Student Assistance General Provisions regulations states that the Secretary considers an institution to have that administrative capability if the institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. In determining whether the institution's system is adequate, the Secretary considers whether the institution obtains and reviews all student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant including any copies of State and Federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources.

Noncompliance: Reviewers found that for two students, conflicting information collected during the verification process was not resolved.

Student 7 stated on the Free Application for Federal Student Aid (FAFSA) that he was married, but provided tax forms for himself and his spouse that were filed as Head of Household and Single. Neither of these tax filing statuses can be used for a married couple. This conflicting information was not addressed as part of the verification process. The student must amend the tax forms to be eligible for the \$1,050 Pell Grant and the \$1,750 Federal Direct Subsidized Stafford Loan.

Student 9 stated on the FAFSA that he paid child support but indicated on the Verification Worksheet that he received child support. This conflicting information was not addressed as part of the verification process. The institution must resolve the conflicting information in order for the student to remain eligible for the \$2,712 Pell Grant.

Required Action: Due to the high percentage of deficiencies, the institution is required to perform a full file review for all students selected for verification for the 2011/2012 award year to identify the extent of files that were verified incorrectly. A spreadsheet indicating the name and social security number for all students selected for verification, including the students identified in this finding must be provided. If confirmation of verification results in a change to the student's eligibility, and/or if the institution should discover that it is unable to resolve discrepancies to complete verification for any student, the institution must confirm the liability results in a report with its response to this letter. The required report must be prepared in spreadsheet format with the following information:

1. Student's name
2. Social security number
3. Original amount awarded by Title IV program
4. Correct amount awarded by Title IV program
5. Amount of ineligible Title IV disbursements by Title IV program, if any

NECB must also review and revise verification procedures as necessary to ensure that all pertinent items are reviewed and conflicts in the data are resolved. A copy of the revised procedures must be provided with the response to this report

Finding 3. Ineligible Disbursement of Federal Direct Loans

Citation: 34 C.F.R. 668.164(g) of the Student Assistance General Provisions regulations states that an otherwise eligible student becomes ineligible to receive Title IV, HEA program funds on the date that for a loan under the Direct Loan programs, the student is no longer enrolled at the institution as at least a half-time student for the period of enrollment for which the loan was intended.

Noncompliance: Reviewers found that NECB made a \$1,865 Federal Direct Loan disbursement to **Student 19** when the student was not enrolled at least half-time during the fall of 2012. During the fall of 2012, it was NECB's policy to combine two sequential modules into one payment period. The student withdrew from the one course that he was enrolled in during the first module and dropped the courses he was enrolled in for the second module prior to NECB disbursing the loan funds for the payment period. Therefore, since the student was considered to be enrolled less than half time at the time of the loan disbursement, he was ineligible for the funds.

Required Action: In its response to this report, the institution must explain why the disbursement was made when the student appeared to be ineligible for the funds. If the institution is unable to prove the student was eligible for the funds, a \$1,865 liability will be assessed in the FPRD. In addition, NECB must provide a copy of the institution's updated procedures that will ensure future compliance with this regulatory requirement.

Finding 4. Late Return to Title IV Calculation

Citation: Federal regulations at 34 C.F.R 668.22(j) state that an institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the following:

Payment period or period of enrollment, as appropriate, in accordance with paragraph (e)(5) of this section;

Academic year in which the student withdrew; or

Educational program from which the student withdrew.

Noncompliance: In one instance, the institution performed a Return to Title IV (R2T4) calculation late for a student who withdrew without providing notification to the institution.

Student 6 had a last date of attendance of 1/29/12 for the payment period which started on 10/31/11 and ended on 3/1/12. The student should have had a R2T4 calculation performed no later than 3/31/12. The institution did not perform the calculation until 8/21/12, which was 173 days after the last day of the payment period in which the student last attended. No return of Title IV funds was required as the student had earned 100% of the funds based on the R2T4 calculation.

Required Action: In its response to this report the institution must provide an explanation for the late processing of the R2T4 calculation. In addition, NECB must provide a copy of the institution's updated procedures that will ensure future compliance with this regulatory requirement.

Finding 5. Late Payment of Credit Balances

Citation: 34 C.F.R 668.164 (e) of the Student Assistance General Provisions regulations states that whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but (1) no later than 14 days after the balance occurred, if the credit balance occurred after the first day of class of a payment period; or (2) no later than 14 days after the first day of class of a payment period, if the credit balance occurred on or before the first day of class of that payment period.

Noncompliance: Reviewers found that for one student the credit balances were not paid within the required time period of 14 days. **Student 13** had a credit balance as of 8/15/12 that was not paid until 9/12/12, which was 14 days late. A second credit balance that occurred on 8/29/12 and not paid until 12/10/12 was 75 days late.

Required Action: In its response to this report the institution must provide an explanation for the late processing of student credit balances. In addition, NECB must provide a copy of the institution's updated procedures that will ensure future compliance with this regulatory requirement.